(Case called)

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MR. PELLEGRINO: Good afternoon, your Honor, Louis Pellegrino from the U.S. Attorney's Office with AUSA Andrew Beaty.

MR. RAPAWY: Good afternoon, your Honor, appearing for Mr. Robert Cybulski, who is out on bond and presently seated to my left-hand side, John Rapawy.

MR. KALEY: Good afternoon, your Honor, John Kaley. I was appointed to represent Marcin Jakacki and our appointment, your Honor, just so you're aware of, was for bail purposes only.

THE COURT: Is it because he's planning to get other counsel or because you were not available to represent him throughout or what?

MR. KALEY: I think, your Honor, Magistrate Judge Francis, having seen the financial affidavit, concluded that Mr. Jakacki would have the wherewithal to hire counsel and specifically indicated that I was appointed for purposes of bail only.

THE COURT: Let me hear from your client as to what his intentions are.

MR. KALEY: Your Honor, his intentions are, we would have anticipated making bail and him hiring counsel.

THE COURT: Has he made bail or not?

MR. KALEY: Not yet, your Honor.

THE COURT: What are the bail conditions?

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MR. KALEY: The bail conditions are a \$1 million personal recognizance bond cosigned by three financially responsible people and secured by the family's home.

THE COURT: What's his relation to the other defendant who was just introduced?

MR. KALEY: He's Lilian Jakacki's husband, your Honor. No relation.

THE COURT: I see. We will deal more with this in a minute. Sir.

MR. FLOOD: Good afternoon, Christopher Flood, Federal Defenders of New York, of behalf of Lilian Jakacki. Like my brethren to my left, our office was appointed for bail purposes only by Magistrate Judge Francis after reviewing the financial affidavit.

THE COURT: I will make my own review of the financial affidavits, but I am appointing both of you until substitute counsel is retained for all purposes.

MR. FLOOD: I certainly understood that to be true.

Any time for bail purposes, certainly any time the government would be approaching Ms. Jakacki, I would expect that to be for all purposes until substitute counsel be appointed.

Our understanding is that Ms. Jakacki, there are three actions against her currently. There is a criminal action, there is an administrative action by the DA, and a civil action

THE COURT: I will want to know that by no later than noon tomorrow through a written communication from the government. Also send it to all counsel.

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clear, there were some other bail conditions about electronic

4 monitoring and home detention.

THE COURT: Yes. Thank you for mentioning that.

MR. KALEY: Your Honor, I just wanted to, so that I am

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So since these are apparently -- both corporations are solely owned by the defendants?

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MR. PELLEGRINO: That is the government's belief and we checked with the Secretary of State, your Honor.

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THE COURT: So what is being done to get counsel for the corporations?

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MR. FLOOD: Well, your Honor, I was informed by the government about this in the hallway. So that's the first we have heard of that.

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Certainly it would be in Ms. Jakacki's interest to pursue counsel for the corporations as well.

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THE COURT: Yes. The corporation cannot appear except by counsel.

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MR. FLOOD: Right.

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THE COURT: So she or any of the individual defendants won't be able to represent, through their own counsel or otherwise, the corporation unless they have counsel.

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MR. FLOOD: Certainly that is not something the Federal Defenders can speak to right now, but that is something

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I will inform the Court. I will talk to Ms. Jakacki about and

MR. RAPAWY: Yes, your Honor. I've reviewed the Indictment with my client and gone over it. We waive its public reading, and we ask the Court to enter a plea of not guilty.

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THE COURT: A plea of not guilty will be entered.

And I will, for present purposes, have a plea of not guilty on behalf of the two corporations entered as well.

Now, how long does the government want for the completion of discovery?

 $$\operatorname{MR.}$$  PELLEGRINO: Your Honor, we are requesting one month.

THE COURT: Why so long?

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MR. PELLEGRINO: Because it is a complicated case. It is the product of a two-year investigation.

THE COURT: A complicated case? Were you here at the closing arguments of the LIBOR case?

MR. PELLEGRINO: I was, your Honor, for part of them.

THE COURT: They didn't need a month, and I'm quite sure that that was more complicated than this case.

What does the discovery consist of?

MR. PELLEGRINO: So we have thousands of pages of records that consist of prescription records relating to the healthcare fraud scheme, over 1300 prescriptions that have been reviewed as part of the narcotics conspiracy. All that information has to be reviewed, potentially redacted for patient and PII information. And to that end, we would request permission to provide a protective order from the Court to allow us to review that and produce it on a protected basis.

There is additional bank records that were subpoenaed

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1	from banks, ordering records for controlled substances, an								
2	audit that was conducted in 2013 that tracked over half a								
3	million or over 400,000 pills, the point of the narcotics								
4	charges. And there is further discovery relating to undercover								
5	buys, recorded telephone calls, video prescriptions that were								
6	filled. And there is some additional outstanding material,								
7	your Honor. October 29 we executed additional search warrants								
8	in the defendants' house where we found, among other things,								
9	cash, blank prescription forms, financial documents, a laptop								
10	and a tablet, which need to be reviewed and then produced. And								
11	we also did a search warrant of defendants' pharmacy								
12	THE COURT: When did you do all of this? When did you								
13	do the searches?								
14	MR. PELLEGRINO: Why did we do this, your Honor?								
15	THE COURT: When?								
16	MR. PELLEGRINO: Oh, when. The searches were								
17	performed on October 29, your Honor. There were multiple								

warrants for --

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THE COURT: OK. Now, that's the first of the things you mentioned that seems to me even plausibly warrant such an extended discovery period as one month, but I will give you one month. Don't come back and ask for any more time.

MR. PELLEGRINO: OK. Thank you, your Honor.

THE COURT: So that will be Friday, December 2nd.

How long does defense counsel want for the making of

any motions? And let me say this. As far as I'm concerned, counsel who are presently representing the two defendants, who are now appointed for all purposes until further order of the Court, need to move forward promptly. Having said that, since I haven't reviewed the financial affidavits yet, I will send them to the magistrate judge who is not without pause to raise the problems he raised. So I would expect that counsel for the defendants could be obtained within the next two weeks.

I'm sure there is nothing more pressing for your clients than not paying counsel, and with your help, I'm sure they could do so. But having said that, how long does counsel want for the making of any motions?

MR. FLOOD: Your Honor, I didn't hear from the government. Are there any statements?

THE COURT: Are there any statements of the defendants?

MR. PELLEGRINO: I don't know at this time, your Honor. I am not aware of any.

THE COURT: You know, counsel, if you come to this court again, you had better be better prepared. This is not acceptable. This is an initial conference. You should have known whether the defendants have been served. You should have known what Rule 16 materials were to be provided. This is like, forgive me, 101 in prosecution. Let's not have it happen again.

FB@MJ&4:15-cr-00727-JSR Document 26 Filed 11/30/15 Page 11 of 22 11 1 MR. PELLEGRINO: OK. Your Honor. 2 THE COURT: Go ahead. 3 MR. FLOOD: Your Honor, what I am hearing is that it 4 is voluminous and it will take some time to get through to 5 review. And I will ask through the Court one additional 6 question. Are these recordings in English? 7 MR. PELLEGRINO: They are, your Honor. 8 THE COURT: OK. 9 That will expedite some of the review. MR. FLOOD: 10 THE COURT: So I understood. It is a language that 11 some lawyers do speak. 12 MR. FLOOD: Besides that, but I don't want to 13 overestimate. With the holidays, I would think about a month 14 to be able to come back. 15 THE COURT: Here's what I am going to do. I'm going 16 to give you six weeks, because I am hopeful that within two 17 weeks new counsel can be obtained and then I will give them a 18 month to get up to speed and make any motions. So thank you 19 for being prudent in your request, but I think six weeks is

called for in this situation. So we have the holidays as well.

So, let's see. Six weeks. By the way, I think I said Friday, December 2nd. That is a Wednesday.

THE CLERK: Correct.

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THE COURT: So Wednesday, January 13th, for all motions.

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We will have another hearing -- let's look at January 15th.

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THE CLERK: January 15th, a Friday, just the trial day.

THE COURT: OK. So we'll have a hearing at 4 o'clock on January 15th. At that time if motions have been made and they can be dealt with orally, they will be. If they require a written response, we will set a schedule then for written response. And in any event, we will then set a trial date.

And pursuant to Section 3161 of Title 18, I will exclude from calculations under the Speedy Trial Act all time between now and January 15th. I find that such time is necessary for the completion of discovery and the drafting of motions. And that for those and other reasons from this transcript, the best interests of the defendants in excluding such time substantially outweighs the interests of the public — I will start that one all over again. The best interest of justice in excluding such time substantially outweighs the interests of the defendants and the public in a speedy trial.

Now, anything else we need to take up today?

MR. PELLEGRINO: Your Honor, one other issue. The government wishes to revisit the detention and bail condition determination that Judge Francis made on Thursday. In particular, at a minimum, we feel that the home should not be

appropriate collateral in this situation, that the home is the object of the narcotic conspiracy.

THE COURT: What is the flight risk here?

MR. PELLEGRINO: Your Honor, we think there is significant flight risk. Perhaps it was underestimated by Judge Francis. Specifically, there is a place to flee to, namely, Poland. Mr. Jakacki is a Polish national. He holds a Polish passport, green card. He has traveled to Poland in the past on at least three occasions in the last ten years.

Ms. Jakacki is an American citizen, but she has held a Polish passport in the past. We believe she speaks fluent Polish. We believe that there are few ties to the community that are not the subject of this investigation. There are no elderly or children at home, which would have them be rooted to the house.

In addition, they have their businesses but the businesses have also been indicted. The DEA, as Mr. Flood mentioned, has issued an immediate suspension order, which means that the pharmacy will not be able to continue to operate — at least the narcotics or controlled substances portion of the business. There is also the healthcare fraud charges which may affect the pharmacy's ability to operate with respect to the prescription side of the house.

In addition, we believe that the case is strong; that the Indictment alleges that the conspiracy, the narcotics

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conspiracy, generated hundreds of thousands of dollars which was specifically laundered to purchase the home in Greenwich, and the product of that conspiracy was over half a million pills that were put out into the street.

So although they are first-time offenders, the charges are very serious. The maximum potential charges under the quideline --

THE COURT: You said two different things here. That the charges carry heavy penalties is, of course, relevant, but I didn't hear you saying why you felt the case was strong. You just said what the Indictment said.

MR. PELLEGRINO: Specifically, your Honor, I think that there is an overwhelming amount of evidence both in the civil complaint and in the criminal indictment --

THE COURT: Like what?

MR. PELLEGRINO: Which specifically controlled buys on video and with audio. Specifically, 1300 prescriptions that DEA reviewed on an individualized basis, including talking to doctors to confirm that the prescriptions were either falsified or forged, and --

THE COURT: Did you ask the magistrate to make a finding just on flight or was there also a question of danger to the community?

MR. PELLEGRINO: It was on flight, your Honor.

THE COURT: OK. So let me -- I'll come back to the

government in a minute, but let me hear from defense counsel.

MR. FLOOD: Your Honor, first off, all this information was presented to the Magistrate on Thursday. So there has been no changed circumstances that we have --

THE COURT: I can review it de novo, as you know.

MR. FLOOD: Of course. But that being said, changed circumstances would be relevant and there have been none other than us meeting the substantial portion of the bond conditions set by Judge Francis. That is, he imposed on Ms. Jakacki five cosigners for a million-dollar bond, and as we speak I believe the government is approving the fifth cosigner right now, who is a licensed attorney in the Southern District of New York. There are four others who have already been approved by the government.

Setting aside the question about the home entirely, that is five people from the community who the government has already approved who are hock for a million dollars.

She is 49 years old -- 59, pardon me. She is a lifelong resident of the Second Circuit.

THE COURT: You can take the Fifth on what your age is if you want to.

MR. FLOOD: She totally can. It is a total brain lock on my part.

But from Greenwich, Connecticut, she has lived there her entire life. And the only two factors that Pretrial

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- Services found going to flight risk, the only two, were that she had international travel ten years ago. She hasn't traveled internationally in over ten years. And an expired -- expired -- passport, which I believe has already been seized.
  - So this is not a case that says flight risk on its face. Certainly the government wants detention but it is simply --
    - THE COURT: What about her husband?
  - MR. FLOOD: Now, that is a different story. I don't represent him.
  - THE COURT: I don't see why it is any different story.

    If he was a flight risk, he would be tempted to take her with him.
  - MR. FLOOD: But if she has no means of doing so, number one --
  - THE COURT: Well, the question -- I disagree. I have to look at all the relevant facts and circumstances. So I will hear, of course, in a minute from his counsel. But, for example, you mentioned that she has not traveled abroad for ten years -- I think more than ten years I think you said. What about her husband?
  - MR. FLOOD: Whether he has traveled or not? I don't know the factual answer to that so I can't be candid with the Court.
- 25 THE COURT: All right. We will hear from him.

I don't know. But I know this Court 1 MR. FLOOD: 2 recently, in a case I had, the Court has been innovative in 3 terms of family members, travel documents and things like that. When seizing other people --4 5 THE COURT: You think just because you won that case that you get a special get-out-of-jail-free card? 6 7 MR. FLOOD: Not at all. But in terms of thinking 8 about other people's travel and saying -- in securing other 9 people's -- other people in the family, the incentive for other 10 people to flee, if that's the kind of thinking that the Court 11 is undertaking right now, the fact of the matter is this. With regards to Ms. Jakacki, her family --12 13 THE COURT: Just take that other case, and every case 14 is different. Your client in that case had every reason to 15 stay. 16 MR. FLOOD: Right. 17 THE COURT: Right? 18 MR. FLOOD: And the people that have come forward to 19 the tune of a million dollars each are two of her sisters, who 20 are professionals and have everything to lose -- their 21 retirement, their savings, because they've signed on for a 22 million-dollar bond. 2.3 THE COURT: What do they do? 24 MR. FLOOD: One is an attorney. One is a professional

at the hospital; I believe she is a pharmacist. There is

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another family friend who is a secretary, who doesn't have much, but she would be completely ruined if Ms. Jakacki made the unwise decision to flee because the bond would completely wipe her out. There is another family — a niece who is just getting started in life, who makes \$50,000 a year. She would be wiped out completely.

THE COURT: How does she qualify for a million dollars?

MR. FLOOD: The government approved it.

Then there is a fifth family friend who is about to be approved who has a very substantial, six-figure income, who is a licensed attorney, again, in this district with very substantial savings. Which, by the way, of the five, three of them own their homes. So there's assets, again — own their homes in the New York City area, so we know that that's substantial value, which, again, secures this bond substantially.

THE COURT: What are the other conditions?

MR. FLOOD: So there's I believe it is GPS monitoring.

My brethren counsel will correct me if I am wrong if it is not

GPS. But it is home detention. Is that correct?

MR. KALEY: Home detention and electronic monitoring.

MR. FLOOD: So there is that, which includes, of course, strict pretrial supervision. She will be in the District of Connecticut in the home. Travel restrictions to

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Southern and Eastern and the District of Connecticut. And I believe that's -- and then home, of course.

THE COURT: OK. Before I think about your client further, let me hear from Mr. Kaley on his client.

MR. KALEY: Your Honor, Mr. Jakacki, your Honor, is a legal resident. He has a green card. He hasn't been back to Poland I think in eight or nine years. He came here --

THE COURT: How long has he been here?

MR. KALEY: I think about nine years ago. So he has basically been here. He has been married for five years. They live together in Connecticut.

He has no convictions. He has one, I think --

THE COURT: What was the basis for his coming here?

MR. KALEY: He came on a tourist visa, your Honor, and then applied to stay and was permitted to stay.

I noted from the Pretrial Services report that he had been given a desk appearance ticket at one point somewhere in the city for possession of a knife, but the report indicated that it was dismissed. So he has no prior criminal record. He was leading a life with his wife.

The bond, a million dollars --

THE COURT: How old is he?

MR. KALEY: 36, your Honor.

The bond, a million dollars, cosigned by three financially responsible people secured by the same home,

1	electronic	monitoring.	So	he	is	not	going	to	be	
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THE COURT: Have any of those people been -- or is it the same people?

MR. KALEY: I think it will largely be some of the same people, your Honor, and perhaps one additional one.

The government, I would assume, when they searched the home took the passport. If not, we've agreed that we'll surrender the passport.

He had some firearms in the home that he had licenses for, and I believe that when the agents conducted the search Thursday or Friday of last week, they took those. So that's no longer an issue.

He has every reason to be here and to defend himself.

And the conditions that Magistrate Judge Francis determined --

THE COURT: All right. Let me hear from the government again. Thank you.

MR. PELLEGRINO: Your Honor, going to the point -THE COURT: So is the only basis for flight the fact
that Mr. Jakacki is from Poland?

MR. PELLEGRINO: No, your Honor. It's also the belief that there are large sums of money that were generated by this scheme which would enable them to flee.

In addition, Mr. Jakacki faces potential immigration consequences if he is convicted, and also the belief that as a result of the charges that they're facing, there might be a

significant incentive to flee because of the seriousness of them and the evidence involved in the charges and the fact that their livelihood is essentially a part of this --

THE COURT: How could you approve a million-dollar bond from someone who is just getting started and has, if I heard correctly from Mr. Flood, a \$50,000 a year income?

MR. PELLEGRINO: I believe it was approved, your Honor.

THE COURT: Pardon?

MR. PELLEGRINO: That was approved, but --

THE COURT: Why was it approved?

MR. PELLEGRINO: I think, your Honor, the reason is because the home is the collateral, and that was one of the things that we have an issue with since the home is the object of one of the conspiracies, of the narcotics conspiracy. We don't believe that it is appropriate collateral, but I think with that collateral that approval was possible.

THE COURT: Well, I mean, the reason I'm raising that is the government seems to be inconsistent in that on the one hand you say you want these defendants detained because they are a flight risk and yet certain steps that the Magistrate Judge gave you to help ensure against flight, such as obtaining, with the government's approval, bonds from persons who would really stand to lose a very substantial amount of money if there were flight, you have not treated as a serious

requirement. And if approved, for example, if I understand the case, one and maybe two of the bonds people are from people who couldn't remotely be good for a million dollars.

MR. PELLEGRINO: That is correct, your Honor. It is based on the collateral of the home.

THE COURT: All right. Well, I'm going to think about it and I will make a decision by sometime tomorrow since it seems obvious that they even under the present bail conditions are not going to realize those conditions tonight and so I will issue an order tomorrow on my determination.

Anything else we need to take up?

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MR. PELLEGRINO: Just one other brief issue, your Honor.

If you elect not to change the bail conditions, we would just request that the firearms remain surrendered.

THE COURT: Any objection to that?

MR. FLOOD: No, your Honor.

THE COURT: No. OK. That is fine.

MR. PELLEGRINO: Thank you, your Honor.

THE COURT: All right. Anything else from the defense?

MR. KALEY: No, your Honor.

THE COURT: Very good. Thanks very much.

MR. PELLEGRINO: Thank you, your Honor.

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